

### FUND POLICY

#### **The State Street Bank & Trust Company Company Stock Funds for the Employee Benefit Trusts**

Effective May 28, 1999  
Revised January 1, 2003

This fund policy establishes the management practices for the General Motors Corporation 1-2/3 common stock fund in the Delphi Corporation Savings Plan Master Trust and the General Motors Corporation Savings Plan Master Trust.

### ENVIRONMENT

In order to process transactions in a daily environment, sufficient liquidity must be available in the General Motors Corporation 1-2/3 Stock Fund to provide for required daily cash flows and prevent delays in distributions.

In the event that daily cash outflows exceed the liquidity of any investment option, a process must be in place for obtaining additional liquidity. If no additional liquidity is available, then a process must be in place for suspending certain activities of the plan(s) until funds become available.

### PURPOSE OF THE FUND POLICY

- \* To set general investment objectives for the Stock Fund.
- \* To establish and adjust the liquidity level for the Stock Fund.
- \* To establish options for handling situations where adequate liquidity is not available, and the precedence of these options.

### OBJECTIVES

*To provide the General Motors Corporation 1-2/3 Stock Fund with an appropriate level of liquidity to meet its ongoing daily cash outflow requirements and identifying alternative methods for raising liquidity when necessary.*

*To maximize the investment in company stock so that fund performance tracks actual stock performance, consistent with the primary objective.*

*To ensure best execution with minimal transaction costs when it is necessary to buy or sell company stock.*

### LIQUIDITY LEVEL

An ongoing liquidity cushion of 1% of NAV has been recommended for the General Motors Corporation 1-2/3 stock fund. The liquidity cushion is designed to meet the previously stated objective.

#### **Description and Operation of Liquidity Target Levels**

- \* Initial liquidity target levels have been conservatively established based on an examination of Plan history and participant balances as well as volume aspects and trading patterns of the General Motors Corporation 1- 2/3 common stock. Liquidity levels are monitored and target levels are adjusted based on experience and other relevant information that becomes available, (e.g., plan changes, demographic changes, etc.).
- \* The actual level of liquidity will vary around the target.

*When liquidity is drawn down*, stock will be sold after a cash flow analysis has been completed. The analysis will include examining the amount and timing of the next scheduled contribution(s)/loan repayments and any trades previously placed but not settled. If these sources are not adequate to restore the liquidity to an appropriate level, stock will be sold.

*When liquidity is increased* due to cash inflows, an analysis of expected cash outflows is made to determine if stock should be purchased. The objective of this analysis will be to avoid frequent trades for relatively small amounts of funds, and to avoid buys and sells on successive days.

#### **BEST EXECUTION WITH MINIMAL TRANSACTION COSTS**

In its discretion, the manager may execute any deemed purchases or sales either on the open market or through off-market transactions. To this end, listed below are various options that may be employed. Additional options may be used as they become available and as deemed appropriate by the discretionary manager.

- \* *Open Market Transactions and External Off-NYSE (New York Stock Exchange) Transactions*  
In executing an open market sale, State Street will consider all available sources for placing a trade including but not limited to the New York Stock Exchange, the "block trading" market, or the Crossing Network. The Crossing Network includes POSIT (which publishes that they will transact four crosses per day) and Instinet (which publishes that it will transact one cross in the evening). The transaction is priced based on the mean of the current Bid and Asked price as quoted on the primary exchange for the stock.
- \* *Purchase from General Motors*  
From time to time, General Motors may respond to State Street's interest in acting as counterparty to a stock purchase transaction. If the parties agree to execute a transaction with General Motors, the transaction will be processed according to one of the methods described in Attachment "A". There will be no commissions charged on these purchases. It is expected that there will be no material market impact, as the trades will be private, off-market transactions.
- \* *Sale to General Motors or Delphi Corporation*  
From time to time, State Street may solicit the interest of General Motors or Delphi Corporation to act as counterparty to a company stock transaction. Based upon the desire of either company to consummate the transaction, the transaction price will be the mean of the current Bid and Asked price for the stock on the Consolidated Quote System. A printout of the current Bid and Asked price will be created for the file. No commission will be charged on the trade. The transaction will settle the following day and proceeds will be wired via Fed Funds. Stock will be delivered per the appropriate instructions below: there will be no commissions charged on these plan stock sales to either company by State Street. It is expected that there will be no material market impact as the trades will be private off market transactions.

Shares will be delivered via DWAC (Deposit Withdrawal at Custodian) to:  
Fleet Custody / DTC Participant # 983  
Agent Bank # 80999  
Institutional ID # 26963  
For General Motors-Omnibus Account # 9500  
(For Delphi)- Omnibus Account # [ ]

Cash will be sent via the General Motors Corporate Account (DDA # 26570747). On settlement date, the Trust group will debit the Corporate Account and credit the Trust to complete the trade.

- \* *Short Settlements*  
One-day or two-day settlement period instead of the typical three-day period is requested from the Broker. A premium on the commission will usually result. *The Manager will determine if the quoted commission is justifiable and reasonable.*

**ALTERNATIVE SOURCES OF LIQUIDITY**

In the event that the current level of liquidity from open market or off-market transactions is not sufficient to meet cash flow requirements, there will be the following options for obtaining additional liquidity. At that time, State Street will decide, based on current market conditions and availability of the options, which of the options it will pursue.

- \* A loan from the Promark Money Market Fund.
- \* A three day non-interest-bearing loan to the Trust from the General Motors Corporation or Delphi Corporation.
- \* Drawdown on a committed or uncommitted Line of Credit.

**Option 1** *Loan from the Promark Money Market Fund*

A loan will be made from the Promark Money Market Fund if funds are available from this source.

- \* If liquidity is available in the Promark Money Market Fund, an appropriate amount will be transferred to the General Motors Corporation 1 2/3 Stock Fund. A payable will be posted to the stock fund trust account and a receivable to the Promark Money Market Fund trust account.
- \* The Promark Money Market Fund must be compensated for income lost due to the loan so there is no effect on earnings. Interest will be compensated from the General Motors Corporation 1 2/3 Stock Fund.
- \* As funds become available, the payable and receivable postings are cleared. The postings are cleared on the sooner of receipt of cash inflows due to normal plan activity, or receipt of requested funds from investment managers.
- \* Procedures for utilizing this option are included in Attachments B & C.

**Option 2** *Loan from General Motors Corporation or Delphi Corporation (if available)*

A second alternative source of liquidity is a loan from General Motors Corporation or Delphi Corporation in its sole option. This transaction is allowed under Prohibited Transactions Class Exemption 80-26, dated 4/29/80, 45 FR 28545

- \* The term of the loan cannot exceed 3 days.
- \* No interest will be paid on the loan.
- \* State Street will notify the designated individual(s) at General Motors Corporation or Delphi Corporation of the need for funds and request a loan in the appropriate amount by 3:00 PM Eastern Time on the day prior to when funds are needed. The maximum loan amount will vary between \$50 million and \$100 million depending on the cash on hand at the Company's Bank.
- \* General Motors Corporation or Delphi Corporation will wire transfer funds to the Clearing Account at State Street Bank. The funds will be used to satisfy the cash flow requirement. A payable is posted to the Stock Fund and a receivable to the Clearing Account.
- \* As funds become available, the payable and receivable postings are cleared, and the loan amount will be returned. The postings are cleared on the sooner of receipt of cash inflows due to normal plan activity, or receipt of proceeds from stock sales, but may not exceed 3 days.

Option 3 Line of Credit

A third alternative source of liquidity is to draw down on a committed or uncommitted line of credit (*if available*)

- \* General Motors Corporation or Delphi Corporation will establish the line of credit with a lending bank(s) of its choosing.
- \* State Street Bank will contact the lending bank on the day funds are needed and will at that time obtain a rate quote.
- \* State Street Bank will assess the prudence of the rate quote.
- \* The lending bank will wire funds to the General Motors or Delphi Corporation corporate account. State Street Master Trust will debit the corporate account and credit the proper Trust account.
- \* A payable for the amount borrowed plus accrued interest will be carried in the stock account until funds become available to repay the loan.
- \* As funds become available, the line may be repaid in either installments or in a lump sum *at any time*.

Whenever these options are utilized, the following individuals will be notified:

Name	Phone
Ed Campbell, GMIMCO	(212) 418-6314
Susan Daniels, Citistreet	(617) 657-7042
Scott Feely, Citistreet	(617) 657-7466
Scott Roy, Citistreet	(617) 657-7434
Joel Griffin, State Street Bank & Trust Co.	(781) 382-6192

*If funding is not available from any of the above options, then procedures to suspend activity will be implemented.*

Attachment A

TREASURY PURCHASE

Method # 1

Day 1 On any day that Citistreet has indicated to General Motors Treasury that it has or may have an interest in purchasing shares of GM 1-2/3 common stock, General Motors Treasury will respond to Citistreet prior to 3:30pm EST if they have an interest in selling such shares to the GM 1-2/3 stock fund.

Day 2 Prior to 9:30am EST, Citistreet will communicate to the General Motors Treasury Office if it wishes to make an offer to purchase GM 1-2/3 common shares for the GM 1-2/3 stock fund. The price at which the transaction will be processed will be the price of the last trade of GM 1-2/3 common stock on the New York Stock Exchange regular way on Day 1.

Citistreet will send a trade information memo to SSB Master Trust and the General Motors Treasury Office. The memo will be numbered sequentially (beginning with 001-2001) and will detail trade information, custodial account information for SSB Master Trust and standing wire instructions for GM. General Motors Treasury Office will process a DWAC "deposit" to the Trust from the Treasury or New Issue share balance held at Equiserve on Day 4 (settlement day).

SSB Master Trust will post trade information.

Day 3 NA

Day 4 SSB Master Trust will wire transfer the dollars to pay for the Treasury trade executed on Day 1. SSB Securities Processing will process the DWAC deposit to accept shares from Equiserve.

Transaction completed.

Method # 2

Day 1 Upon completion of processing daily participant transactions, Citistreet will contact General Motors Treasury Office if it wishes to make an offer to purchase shares for the General Motors 1-2/3 stock fund. If General Motors has an interest in selling such shares, the price at which the trade will be processed will be the VWAP of the General Motors 1-2/3 common stock on the NYSE on Day 1 as reported by Bloomberg or such other source as the parties may agree upon. In the event that GM chooses not to satisfy the needs of the fund to purchase shares, Citistreet will go to the open market to fulfill the obligations to the fund. Citistreet will confirm, by fax or other means, the intent to trade with General Motors Treasury. The confirmation will include the dollar amount of the trade.

Day 2 Citistreet will send a trade information memo to SSB Master Trust and the General Motors Treasury Office. The memo will be numbered sequentially (beginning with 001-2001) and will detail trade information, custodial account information for SSB Master Trust and standing wire instructions for GM. General Motors Treasury Office will process a DWAC "deposit" to the Trust from the Treasury or New Issue share balance held at Equiserve on Day 4 (settlement day).

SSB Master Trust will post trade information.

Day 3 NA

Day 4 SSB Master Trust will wire transfer the dollars to pay for the Treasury trade executed on Day 1. SSB Securities Processing will process the DWAC deposit to accept shares from Equiserve.

Transaction completed.

**Attachment B**

**GM Company Stock Funds  
Backup Liquidity Option  
Promark Money Market Fund - Payable/Receivable Process**

**General**

In the event that the current level of liquidity and execution alternatives are not sufficient to meet cash outflow requirements, the State Street Company Stock Group will contact GMIMCO on Trade Date +1 with notification of a payable/receivable transaction with the Promark Money Market Income Fund. A facsimile will be sent informing GMIMCO of the transaction.

**Procedure**

- The State Street Company Stock Group will determine if a payable/receivable transaction is required between the Company Stock Fund and the Promark Money Market Fund. The State Street Company Stock Group will notify GMIMCO of the amended trade prior to sending the facsimile.
- State Street Company Stock Group will send a facsimile to GMIMCO reflecting the payable/receivable transaction.
- The State Street Company Stock Group will send a second facsimile to the State Street Trust Accounting Team reflecting the required payable and receivable entries in the appropriate trust funds.
- The Promark Money Market Fund will be compensated for the financial effects of borrowing. There will be no effect on earnings in that fund. The compensation rate will be the compounded Promark Money Market Fund rate plus any transaction costs (see Attachment C).
- The Company Stock Group will send a facsimile to GMIMCO notifying them of the interest compensation to the Promark Money Market Fund to complete the transaction. On the same day, the State Street Company Stock Group will send a facsimile and notify the State Street Trust Accounting Team by phone that the payable/receivable transaction is to be cleared.

## Attachment C

**GM Company Stock Funds  
Additional Sources of Liquidity  
Procedures for Borrowing from the Promark Money Market Fund**

**Basic premise:** The investors in the Promark Money Market Fund should not be adversely affected by loans made to any of the company stock funds.

- 1) Reimbursement for loans should include repayment of principal plus interest based on the actual compounded daily performance of the Promark Money Market Fund during the loan period.
- 2) In addition, the Fund should be reimbursed for transaction costs (i.e., bid-ask spread) when appropriate. Transaction costs will be incurred in the case where Fund holdings are sold to satisfy the loan request. (i.e., securities are sold and then repurchased when the loan is repaid.) If there is a net contribution to the Fund on the day of the loan request, no transaction costs will be incurred.
- 3) Transaction costs will be charged based on an assumed bid-ask spread of 5 bps which is typical for commercial paper. An example follows:

Loan Amount \$10,000,000

	Bid <u>Discount</u>	Ask <u>Discount</u>	Bid <u>Price</u>	Ask <u>Price</u>	Trans. <u>Cost</u>
30 day A1/P1 CP 10MM Par 1.85%	1.80%	1.80%	99.845833	99.850000	\$416.67
60 day A1/P1 CP 10MM Par 1.89%	1.85%	1.85%	99.685000	99.693333	\$833.33
90 day A1/P1 CP 10MM Par 1.92%	1.87%	1.87%	99.520000	99.532500	\$1250

Transaction costs will be based on 60 day CP since this is representative of the Fund's "typical" WAM. The calculation would be:

$$5 \text{ bps} * (60/360) * (\text{Loan Amount})$$

- 4) The Fund Manager has the discretion NOT to lend in the event that there is insufficient liquidity or there are market conditions that would cause the loan to adversely impact the Fund's performance.